



July 28, 2021

Submitted via e-mail: rule-comments@sec.gov

Securities Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SR-FINRA-2021-016

To Whom It May Concern:

We are writing to reiterate our long-standing support for FINRA's proposed amendments to Rule 2165. SIFMA¹ appreciates the continuing work that FINRA has undertaken to protect senior and vulnerable adults from financial exploitation, and we believe Rule 2165 has been helpful in the fight against financial exploitation. We think the additional amendments proposed will further assist financial institutions in protecting senior and vulnerable clients against financial exploitation.

I. We Support the Inclusion of Transactions

Rule 2165 permits a financial services provider to place a temporary hold on a disbursement of funds from the account when the firm reasonably believes there is financial exploitation. We fully support FINRA's proposal to expand the rule's safe harbor to include temporary holds on transactions in securities. A significant number of member firm customer agreements permit placing holds on transactions, and 22 state laws also specifically permit broker dealers to place holds on suspicious transactions.²

The trend over the past few years has been to move toward this broader protection of seniors against more instances of financial exploitation. In fact, the last 12 state laws to take effect have all included transaction protection, in addition to disbursements. Consistent with this state law trend, FINRA's proposal to now include temporary holds on securities transactions within 2165 will help protect against financial exploitation relating to purchases or sales, and thus protect senior investors from significant harm.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² [Arizona](#), [Arkansas](#), [California](#), [Florida](#), [Hawaii](#), [Iowa](#), [Kentucky](#), [Minnesota](#), [Mississippi](#), [Missouri](#), [Nebraska](#), [New Jersey](#), [New Mexico](#), [North Dakota](#), [Ohio](#), [Oklahoma](#) (rule), [South Carolina](#), [Texas](#), [Utah](#), [Virginia](#), [Washington State](#) and [West Virginia](#).

It is worth noting that half of the entire U.S. population already benefits from broader, transaction-based protections under state law.³

II. We Support Extension of the Length of Time for Holds

Currently, 2165 allows firms to place a temporary hold on a disbursement of funds for up to 25 business days. The rule states that this period may be extended by a state agency or a court. We find that the number of days is often too short for the issues to be resolved, and that it can be difficult to obtain an extension from a state agency or a court. As a result, we support FINRA's proposal extending the period of temporary hold time an additional 30 days when the firm has reported the matter to a state regulator, agency, or a court of competent jurisdiction.

Firms often work with law enforcement, securities and financial regulators, and – critically - Adult Protective Services (APS) to resolve senior financial exploitation. The APS workers need more time to investigate cases of senior financial exploitation, as they are also investigating cases of abuse and neglect. As a result, the National Adult Protective Services Association specifically noted in their letter to FINRA⁴ that the 25 day limitation was often not enough time due to understaffing at their offices, along with an increase in reports. Their request was for 60 days plus flexibility to extend.

We understand FINRA's decision to allow for a 30 day extension, and fully support allowing that extension, which will provide more time for greater collaboration with APS, state regulators, and local law enforcement. The recognition that more time is needed for these investigations is welcome in many jurisdictions; in fact, we note that since FINRA initially proposed this extension, it has already been incorporated into the new [South Carolina](#) senior financial exploitation protection law and into similar [Michigan](#) legislation.

III. Conclusion

Thank you for the opportunity to comment. We look forward to discussing these issues further. Please feel free to contact either myself at lbleier@sifma.org or 202-962-7329, or Marin Gibson at mgibson@sifma.org or 212-313-1317.

Sincerely,

Lisa Bleier

Marin E. Gibson

³ Based on 2010 Census numbers.

⁴ https://www.finra.org/sites/default/files/2019-10/19-27_NAPSA_comment.pdf